



PURPOSE

The Business & Industry Guaranteed Loan Program provides guarantees of up to 80% of loans made by eligible commercial lenders for job creation and economic development projects in rural areas. Eligible lenders include national and state-chartered banks, savings & loan associations, and Farm Credit system lenders.

ELIGIBLE AREAS

Projects may be located in cities, towns or unincorporated areas with a population of 50,000 or less (as defined by the U.S. Census Bureau).

APPLICANT ELIGIBILITY

- Corporations, partnerships and sole proprietors
- Non-profit organizations
- Cooperative organizations
- Municipal and public bodies
- Federally-recognized tribal organizations
- Must be at least 51% owned by U.S. citizens or legal permanent residents

TYPES OF BUSINESSES

Eligible businesses include manufacturing, wholesale, retail, service, or other business activities that will provide opportunities to create or maintain employment and/or improve the economic condition in rural communities.

ELIGIBLE LOAN PURPOSES

- Construction, renovation & development
- Purchase of land and buildings
- Purchase of machinery & equipment
- Debt restructuring in some cases
- Working capital

INELIGIBLE LOAN PURPOSES

- Revolving credit lines
- Golf courses, race tracks, or gambling businesses
- Agricultural production with some exceptions
- Lending, investment or insurance businesses
- Payment to owner, partner, or shareholder who will retain ownership in the business
- Loans involving a conflict of interest

MAXIMUM LOAN AMOUNTS AND GUARANTEES

- Maximum 80% guarantee for loans up to \$5 million
- Max. 70% guarantee for loans greater than \$5 million up to \$10 million
- Max. 60% guarantee for loans greater than \$10 million up to \$25 million (subject to additional criteria)

LOAN TERMS AND REPAYMENT

- 30 years on real estate (average is 15 to 20 years)
- 15 years or useful life on machinery and equipment (average is 5 to 10 years)
- 7 years for working capital (average is 3 to 5 years)

INTEREST RATES

- Fixed or variable rates are allowed (rate is negotiated between lender and applicant)
- Well-established secondary market provides lenders with opportunities for improved loan pricing and liquidity

COLLATERAL

Collateral must be adequate to protect the interest of the lender and the government. A senior lien position is preferred (exceptions allowed in some cases). Personal guaranties are required for owners, partners, or shareholders with 20% or greater interest in the business.

EQUITY REQUIREMENTS

- Minimum of 20% tangible equity required for start-up businesses
- Minimum of 10% equity required for existing businesses with successful financial history
- Equity will be in the form of cash or tangible business assets. Excludes appraisal surplus or subordinated owner debt.

FOR MORE INFORMATION / HOW TO APPLY

Contact the USDA Rural Development Business Program Specialist according to the project location:

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Southeast Missouri:	Ray Mowery (Houston, MO)	417-967-2028, Ext.4	ray.mowery@mo.usda.gov
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<http://www.rurdev.usda.gov/MO-BIProgram.html>